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## NEGOTIATED CONTRACT

CONTRACT No. SP-1915

Lockheed Aircraft Corporation  
Burbank, California

Contract for: (See Schedule)

Amount: \$2,750,000.00

Mail Invoices to:

Performance Period/Delivery

Schedule: 1 July 57 - 30 June 1958  
See Schedule

Inspection Point:

Contractor's Plant, Burbank  
and/or Bakersfield, California

## Administrative Data:

This contract is entered into, by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the above named Contractor which is a Corporation, incorporated in the State of California, hereinafter called the Contractor.

The parties hereto agree that the Contractor shall furnish the facilities and deliver all supplies and perform all the services set forth in the attached Schedule issued hereunder, for the consideration stated therein.

The rights and obligations of the parties to this contract shall be subject to and governed by the attached Schedule, Appendix I and General Provisions, which together with this signature page and the accompanying certificate comprise this Contract No. SP-1915. In the event of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of 15 June 1957, 1957.

Signatures:

LOCKHEED AIRCRAFT CORPORATION

THE UNITED STATES OF AMERICA

Anthony H. Robertson

Contracting Officer

Title

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**SCHEDULE**

**PART I - SUPPLIES AND SERVICES TO BE FURNISHED**

The Contractor shall provide the supplies and services set forth in the attached Appendix I, such Appendix I being a part of the Schedule under this contract.

**PART II - CONSIDERATION AND PAYMENT**

25X1 a. In accordance with the clause of this contract entitled "PAYMENTS," and subject to readjustment of the price in accordance with the part of this Schedule entitled "PRICE REDETERMINATION," the Government shall pay the Contractor upon satisfactory performance of this contract, as full payment for the supplies and services to be furnished hereunder, the amount  which amount is the total price set forth in Appendix I hereto.

b. As of the date of execution of this contract, there has been allotted for this contract the amount set forth above. This amount is subject to increase or decrease, in accordance with the part of this Schedule entitled, "PRICE REDETERMINATION." In addition, the Government may increase this amount from time to time solely at its discretion, such increased amount to be subject at the proper time to the readjustment provisions of the part of this Schedule entitled "PRICE REDETERMINATION." If at any time the Contractor has reason to believe that by reason of performance by it, of this contract, the amount due it will exceed the sum allotted to this contract, it shall notify the Contracting Officer to that effect. Notwithstanding any other provision of this contract, the Contractor shall not be obligated to furnish any services pursuant to this contract, if in the best judgment of the Contractor, the cost of such services will exceed the amount allotted to this contract. The Government shall not be obligated to pay the Contractor under this contract any amount in excess of the sum allotted.

**PART III - DELIVERY SCHEDULE**

✓ Except as otherwise specified pursuant to the clause hereof entitled "changes" the equipment and/or supplies covered hereunder shall be delivered to the Government f.o.b. such transportation as the Government may specify at the contractor's plant at Bakersfield or Burbank, California and/or test site(s).

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PART IV - PRICE DETERMINATION

a. Because of the experimental and developmental nature of the work called for by this contract and the great uncertainty as to the cost of performance hereunder, the parties agree that the contract prices set forth in Appendix I hereof may be increased or decreased in accordance with the provisions of this clause.

b. Upon expenditure of 75 percent of the total contract amount as set forth in Part II hereof, the parties shall negotiate to revise the price of all items theretofore and thereafter to be delivered.

c. As soon as practicable and in no case more than 45 days after expenditure of funds referred to above, the contractor shall furnish to the Contracting Officer a statement showing in such form and detail as the Contracting Officer may prescribe the Contractor's cost of producing the supplies or furnishing the services called for hereunder, together with such information as may be pertinent in the negotiations for a revised price pursuant to this clause. Such statement of cost shall fairly reflect the normal operation of the Contractor's cost system except to such extent, if any, as security restrictions necessitate minor departures therefrom.

d. Upon the filing of the statement and other pertinent information required by paragraph (c) of this Clause, the Contractor and the Contracting Officer will promptly negotiate in good faith to agree upon a reasonable revised price for the entire contract which, upon the basis of such statement and other pertinent information, will constitute fair and just compensation to the Contractor for the performance of this contract. In determining the extent of any estimated allowance for profit to be taken into account in fixing such revised price, consideration will be given to the extent to which the Contractor has performed the contract with efficiency, economy, and ingenuity. The revised price shall be evidenced by a supplemental agreement to this contract, and in the event that the negotiations for price revision in accordance with this Clause indicate that the uncertainty as to the cost of complete performance is still so great as to prevent a realistic determination of the final price for the over-all completion of this contract, provision may be made for such future revision of the price as may be appropriate to the circumstances at that time.

e. If within 60 days after expenditure of funds referred to in (b) above the parties shall fail to agree upon a revised price in accordance with the provisions of this Clause, the failure to agree shall be deemed to be a disagreement as to a question of fact which shall be disposed of in accordance with the Clause hereof entitled "Disputes."

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f. In the event of a price increase the Government will pay or credit to the Contractor the amount by which the revised prices shall exceed the contract price aforesaid. In the event of a decrease in price, the Contractor will repay or credit the amount of such decrease to the Government in such manner as the Contracting Officer may direct.

**PART V - PROGRESS PAYMENTS**

a. Progress payments, which are hereby defined as payments prior to acceptance on work in progress for the Government under this contract, may be made upon the following terms and conditions.

b. The Contracting Officer may, from time to time, authorize progress payments to the Contractor upon property acquired or produced and services performed by it for the performance of this contract: PROVIDED, that such progress payments shall not exceed 90 percent of the cost to the Contractor of the property and services upon which payment is made, which costs shall be determined from evidence submitted by the Contractor and which must be such as is satisfactory to the Contracting Officer as being representative of the value of the work already performed; Provided further, that in no event shall the total of unliquidated progress payments (see (e) below) and of unliquidated advance payments, if any, made under this contract, exceed 80 percent of the total contract price of supplies or services still to be delivered.

c. Upon the making of any progress payments under this contract, title to all parts, materials, inventories, work in process and nondurable tools theretofore acquired or produced by the Contractor for the performance of this contract, and properly chargeable thereto under sound accounting practice, shall forthwith vest in the Government; and title to all like property thereafter acquired or produced by the contractor for the performance of this contract and properly chargeable thereto as aforesaid shall vest in the Government forthwith upon said acquisition or production: Provided, that nothing herein shall deprive the Contractor of any further progress or final payments due or to become due hereunder; or relieve the Contractor or the Government of any of their respective rights or obligations under this contract.

d. The Contractor represents and warrants that the property, upon which any progress payment is made hereunder, shall be cleared of all liens and encumbrances of any kind whatsoever upon receipt of any progress payment.

e. In making payment for the supplies furnished hereunder, there shall be deducted from the contract price therefor a proportionate amount of the progress payments theretofore made to the Contractor, under the authority herein contained.



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f. It is recognized that property (including, without limitation completed supplies, spare parts, drawings, information, partially completed supplies, work in process, materials, fabricated parts and other things called for herein) title to which is or may hereafter become vested in the Government pursuant to this Clause will from time to time be used by or put in the care, custody or possession of the Contractor in connection with the performance of this contract. The Contractor, either before or after receipt of Notice of Termination at the option of the Government, may acquire or dispose of property to which title is vested in the Government under this clause, upon terms approved by the Contracting Officer; provided, that after receipt of Notice of Termination any such property that is a part of termination inventory may be acquired or disposed of only in accordance with the provisions of the termination clause of this contract and applicable laws and regulations. The agreed price (in case of acquisition by the Contractor) or the proceeds received by the Contractor (in case of any other disposition), shall, to the extent that such price and proceeds do not exceed the unliquidated balance of progress payments hereunder, be paid or credited to the Government as the Contracting Officer shall direct; and such unliquidated balance shall be reduced accordingly. Current production scrap may be sold by the Contractor without approval of the Contracting Officer but the proceeds will be applied as provided in this paragraph (f), provided that any such scrap which is a part of termination inventory may be sold only in accordance with the provisions of the termination clause of this contract and applicable laws and regulations. Upon liquidation of all progress payments hereunder or upon completion of deliveries called for by this contract, title to all property (or the proceeds thereof) which had not been delivered to and accepted by the Government under this contract or which has not been incorporated in supplies delivered to and accepted by the Government under this contract and to which title has vested in the Government under this Clause shall vest in the Contractor.

g. The provisions of this contract referring to "Liability for Government-furnished Property" and any other provisions of this contract defining liability for Government-furnished property shall be inapplicable to property to which the Government shall have acquired title solely by virtue of the provisions of this Clause. The provisions of this Clause shall not relieve the Contractor from risk of loss or destruction of or damage to property to which title vests in the Government under the provisions hereof.

h. If this contract (as heretofore or hereafter supplemented or amended) contains provisions for Advance Payments, and in addition if at the time any progress payment is to be made to the Contractor under the provisions of this progress payments clause any unliquidated

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balance of advance payments is outstanding, then notwithstanding any other provision of the Advance Payments Clause of this contract the net amount, after appropriate deduction for liquidation of the advance payment of such progress payment shall be deposited in the special bank account or accounts maintained as required by the provisions of the Advance Payments Clause, and shall thereafter be withdrawn only pursuant to such provisions.

**PART VI - INSPECTION AND ACCEPTANCE OF SUPPLIES AND CORRECTIONS OF DEFECTS**

a. The Contractor shall provide and maintain an inspection system acceptable to the Contracting Officer covering the supplies hereunder.

b. All supplies (including raw materials, components, intermediate assemblies and end products) may be inspected by the Contracting Officer at any time during the period of manufacture. If the Contracting Officer so elects by notice in writing to the Contractor, the Contractor shall tender the supplies for acceptance at the specified delivery points specified in Part III hereof, in which event the Contracting Officer may accept them or, if they are defective in material or workmanship or otherwise not in conformity with the requirements of this contract, may reject them or require their correction. In the event the Contracting Officer does not so elect, supplies delivered shall be deemed to be accepted upon the mailing by the Contractor to the Contracting Officer of a certificate of the Contractor, reading substantially as follows:

I hereby certify that I did, on the \_\_\_\_\_ day of \_\_\_\_\_, ship via \_\_\_\_\_, pursuant to Contract No. \_\_\_\_\_, units (or \_\_\_\_\_ per cent) of the supplies called for in Item \_\_\_\_\_ therein: that such supplies were of the quality called for and were in all respects in accord with the applicable specifications.

c. Upon completion of performance and final payment by the Government, all the supplies called for herein shall be deemed to be finally accepted, subject to the following guaranty:

The Contractor guarantees that at the time of delivery thereof, the articles and/or equipment provided for under this contract will be free from any defects in material or workmanship and will conform to the requirements of this contract. Notice of any such defect or nonconformance shall be given by the Government to the Contractor within six months of the delivery of the defective or nonconforming article and/or equipment. If required by the Government

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within a reasonable time after such notice, the Contractor shall with all possible speed correct or replace the defective or nonconforming article and/or equipment or part thereof. When such correction or replacement requires transportation of the article and/or equipment or part thereof, shipping costs, not exceeding usual charges from the delivery point to the Contractor's plant and return, shall be borne by the Contractor; the Government shall bear all other shipping costs. This Warranty shall then continue as to corrected or replacing articles and/or equipment or parts thereof, until six months after the date of redelivery. If the Government does not require correction or replacement of a defective or nonconforming article and/or equipment or a part thereof, the Contractor, if required by the Contracting Officer within a reasonable time after the notice of defect or nonconformance shall repay such portion of the contract price of the article as is equitable in the circumstances.

#### PART VII - FURNISHING OF MATERIALS AND SUPPLIES AT THE GOVERNMENT'S OPTION

The Government may at its option, from time to time, furnish the Contractor with materials or supplies not obtainable in the open market and which are required by the Contractor for the performance of this contract. In such event an equitable reduction in the contract price shall be made prior to the delivery of such materials or supplies to the Contractor, or as soon thereafter as possible, but in no event later than thirty (30) days after such delivery.

#### PART VIII - WAIVER OF REQUIREMENTS OF GENERAL PROVISIONS

Notwithstanding the requirements of any of the General Provisions of this contract to the contrary, whenever the Contractor, in performance of the work under this contract, shall find that the requirements of any of the clauses of the General Provisions are in conflict with security instructions issued to the Contractor by the Contracting Officer or by his duly authorized representative for security matters, the Contractor shall call the attention of the Contracting Officer to such conflict and the Contracting Officer or his duly authorized representative for security matters shall (1) modify or remove such security requirements or (2) the Contracting Officer shall issue to the Contractor a waiver of compliance with the requirements of the General Provisions conflicting with such security requirements. Any waiver of compliance with the General Provisions of this contract issued by the Contracting Officer shall be in writing, except that the approval by the Contracting Officer of any subcontract issued hereunder by the Contractor shall be deemed to constitute approval of waiver of any clauses of the General Provisions in conflict with the stipulations of such subcontract.



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**PART IX - SPECIAL SECURITY RESTRICTIONS**

The Contractor shall not reveal (i) the specific nature or any details of the work being performed hereunder or (ii) any information whatsoever with respect to the department of the Government sponsoring this contract and the work thereunder except as the Contractor is directed or permitted to reveal such information by the Contracting Officer or by his duly authorized representative for security matters, and notwithstanding any clause or section of this contract to the contrary, the Contractor shall not interpret any clause or section of this contract as requiring or permitting divulgence of such information to any person, public or private, or to any officer or department of the Government without the express consent of the Contracting Officer or his duly authorized representative for security matters.

**PART X - INSPECTION AND AUDIT**

a. The Contractor agrees that its books and records and its plants, or such part thereof as may be engaged in the performance of this contract shall at all reasonable times be subject to inspection and audit when and to the extent authorized by the Contracting Officer.

b. The Contractor agrees to include in each of his subcontracts hereunder which is on a cost or cost-plus-a-fixed fee or a price re-determination basis, or on a time-and-material or labor-hour basis, provision for audit of such subcontract by the Contractor. The Contractor shall conduct an audit of any such subcontract when requested to do so by the Contracting Officer.

**PART XI - SUBCONTRACTS FOR WORK OR SERVICES**

a. No contract shall be made by the Contractor with any other party for furnishing any of the completed or substantially completed articles, spare parts or work, herein contracted for, without the written approval of the Contracting Officer as to sources.

b. The Contractor shall give specific advance notification to the Contracting Officer of any proposed subcontract hereunder which (1) is on a cost or cost-plus-a-fixed-fee basis, or (2) is on a fixed-price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the total amount of this contract.

c. The Contractor shall not, without the prior written consent of the Contracting Officer, place any subcontract which (1) is on a cost or cost-plus-a-fixed-fee basis, or (2) is on a fixed-price basis exceeding in dollar amount either \$25,000 or five percent (5%) of the

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total amount of this contract, or (3) provides for the fabrication, purchase, rental, installation or other acquisition, of any item of industrial facilities, or of special tooling having a value in excess of \$1,000 or (4) is on a time-and-material or labor-hour basis. The Contracting Officer may, in his discretion, ratify in writing any such subcontract; such action shall constitute the consent of the Contracting Officer as required by this paragraph c.

d. The Contractor agrees that no subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

e. The Contracting Officer may, in his discretion, specifically approve in writing any of the provisions of a subcontract. However, such approval or the consent of the Contracting Officer obtained as required by this clause shall not be construed to constitute a determination of the acceptability of the subcontract price, unless such approval specifically provides that it constitutes a determination of the acceptability of the subcontract price.

f. The Contracting Officer may approve all or any part of the Contractor's purchasing system and from time to time rescind or reinstate such approval. Such approval shall be deemed to fulfill the requirements for obtaining the Contracting Officer's consent to subcontracts as prescribed in paragraph c above.